

BERNARD J. KORMAN, ESQ.

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1 intention. 12:12:44
 2 Q. Can you tell me in any more detail what oral 12:13:02
 3 assurances you received from Mr. Abdelhak that 12:13:04
 4 AHERF would in fact complete the second step of the 12:13:06
 5 transaction? 12:13:09
 6 A. Yes. It's referenced here, somewhat 12:13:09
 7 cryptically, on Page 414, referenced the United 12:13:13
 8 Hospital transaction, which was a transaction with 12:13:17
 9 which I was quite familiar. And that's exactly how 12:13:20
 10 they did that transaction, as well. 12:13:23
 11 So I was familiar with the process, 12:13:29
 12 I was familiar with what he represented was his 12:13:31
 13 internal process. We were concerned about the 12:13:35
 14 external processes. And I was comfortable that 12:13:37
 15 that was his intent and relied upon those 12:13:43
 16 representations. 12:13:50
 17 Q. Did Mr. Abdelhak ever tell you in words or 12:13:51
 18 substance that, notwithstanding the formalities of 12:13:55
 19 the SDN stage of the transaction, that you could be 12:14:05
 20 assured that AHERF would in fact assume ownership 12:14:11
 21 of the GHS entities? 12:14:20
 22 A. The answer is yes. 12:14:23
 23 But getting back to my previous 12:14:25
 24 answer on a previous question, we tried to tie up 12:14:27
 25 that gap, possible gap, by the language in the 12:14:33

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1 agreements, which provided for the unwinding of the 12:14:40
 2 situation if it did not occur. 12:14:41
 3 Q. So on one hand he assured you it would occur, 12:14:44
 4 and on the other hand, in caution in the documents, 12:14:47
 5 you provided for the situation in which it didn't 12:14:51
 6 occur? 12:14:54
 7 A. That was the attempt of our counsel, yes. 12:14:54
 8 Q. Good counsel. 12:14:56
 9 Do you recall any particular 12:14:58
 10 instances in which Mr. Abdelhak gave you any 12:15:02
 11 assurances that, leaving aside formalities, that 12:15:04
 12 AHERF would in fact assume control of the Graduate 12:15:09
 13 entities? 12:15:12
 14 A. Yes; in our initial conversations, when we 12:15:17
 15 structured the transaction. 12:15:21
 16 The intent always was for AHERF to 12:15:24
 17 do this. And there were reasons, external reasons, 12:15:27
 18 to go through the SDN situation, both on his side 12:15:32
 19 and our side. 12:15:35
 20 Because timing was of the essence in 12:15:37
 21 this transaction so as to not have any instability 12:15:43
 22 operationally. 12:15:46
 23 And I fully understood the process 12:15:47
 24 he had to go through with his Board, in terms of 12:15:50
 25 appropriate due diligence. And that's why the 12:15:53

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1 transaction was structured the way it was. 12:15:57
 2 But from day one it was the intent 12:16:00
 3 to do a two-step transaction. 12:16:04
 4 Q. You mentioned, I believe, also that Mr. 12:16:07
 5 Abdelhak sent you a letter confirming that the 12:16:09
 6 second step of that transaction would in fact be 12:16:14
 7 completed. 12:16:17
 8 Can you describe -- do you recall 12:16:18
 9 approximately when that letter was sent? 12:16:19
 10 A. The letter wasn't addressed just to the second 12:16:22
 11 step of the transaction. It was prior to the 12:16:24
 12 closing. 12:16:29
 13 I requested from him a written 12:16:37
 14 communication that what he was representing to me, 12:16:44
 15 on behalf of SDN, was also being represented as the 12:16:49
 16 chief executive officer of AHERF. 12:16:57
 17 And he sent me such a letter. It 12:17:00
 18 was a fairly short letter. 12:17:02
 19 Q. Looking again at Exhibit 251, Page 16904, and 12:17:32
 20 the -- pardon me, at Exhibit 251, which includes 12:17:37
 21 the September 12 letter. 12:17:44
 22 A. I have it. 12:17:45
 23 Q. And the paragraph relating to The Graduate 12:17:48
 24 Hospital, which I looked at in error last time 12:17:50
 25 around. 12:17:54

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1 There is a reference in that 12:17:56
 2 paragraph in which it states that, quote, SDN, 12:17:57
 3 Inc., will assume the current obligation of GHS to 12:18:00
 4 The Graduate Hospital. 12:18:03
 5 Do you see that? 12:18:04
 6 A. Yes. 12:18:07
 7 Q. Do you have any understanding of -- well, let 12:18:12
 8 me rephrase that. 12:18:14
 9 What obligation or obligations of 12:18:17
 10 GHS to The Graduate Hospital were you referring to 12:18:19
 11 there? 12:18:23
 12 A. There was an intercompany debt outstanding 12:18:25
 13 between Graduate Hospital and Graduate Health 12:18:29
 14 System, and that's the obligation we are talking 12:18:33
 15 about. 12:18:35
 16 MS. MEADEN: I'm sorry. Could you 12:18:55
 17 read the answer back, please. 12:18:58
 18 (The reporter read the record as 12:18:58
 19 requested.) 12:19:09
 20 BY MR. BROOKS: 12:19:09
 21 Q. And looking at the next page of this 12:19:10
 22 collection. 12:19:12
 23 A. Yes. 12:19:13
 24 Q. The draft letter to yourself, from an unnamed 12:19:13
 25 person at AHERF. 12:19:18

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1 it more properly, more likely Mr. Huber. 16:21:41
 2 Q. Do you recall whether or not you had ever 16:21:41
 3 informed either Mr. Durishan or Mr. Huber, whoever 16:21:44
 4 was in that position at that time, that they were 16:21:47
 5 to then notify the controllers and CFOs of the 16:21:49
 6 hospitals that Coopers & Lybrand was going to be 16:21:53
 7 involved in the process? 16:21:55
 8 A. I would not have had that kind of 16:21:57
 9 conversation. They would have -- either one of 16:21:57
 10 those would have known how to manage the process 16:22:00
 11 once they understood what the process was. 16:22:03
 12 Q. Is it your belief that Mr. Huber or Mr. 16:22:07
 13 Durishan, again, whoever held that position, was 16:22:11
 14 aware that Coopers & Lybrand was to be given full 16:22:13
 15 access to information with respect to the closing 16:22:19
 16 out of the '96 books? 16:22:20
 17 A. Not only were they aware of it, they 16:22:23
 18 interacted with them because they were involved in 16:22:25
 19 the process. 16:22:27
 20 Q. Did you ever receive any sort of information 16:22:29
 21 that Coopers & Lybrand was dissatisfied with the 16:22:32
 22 access it was given to financial information or any 16:22:37
 23 information that it wanted to review in connection 16:22:41
 24 with closing out the '96 books? 16:22:42
 25 A. I never received any information like that. 16:22:44

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1 Q. Are you aware of anyone within the GHS system 16:22:47
 2 who did receive any such notification? 16:22:49
 3 A. No. 16:22:51
 4 On the contrary, my belief is that 16:22:52
 5 everything went quite well and that we were able to 16:22:57
 6 keep to a time schedule and get things done. 16:23:00
 7 If anything, the Coopers involvement 16:23:03
 8 extended the audit period. 16:23:08
 9 Q. Why do you say that? 16:23:11
 10 A. Because of their interaction with Deloitte. I 16:23:20
 11 mean, the additional hours that were spent in this 16:23:23
 12 process until we closed out the audit. 16:23:25
 13 Q. Was it your understanding that Coopers & 16:23:34
 14 Lybrand had also been retained by AHERF to 16:23:36
 15 participate in the due diligence review of the 16:23:38
 16 acquisition of the hospitals? 16:23:40
 17 A. Yes; yes. 16:23:42
 18 Q. And how is it that you had that understanding? 16:23:43
 19 A. I was told specifically that -- and our 16:23:46
 20 people, I know, worked with them and interacted 16:23:50
 21 with them, the AHERF staff as well as the Coopers 16:23:54
 22 staff. 16:23:56
 23 Q. When you say, "AHERF staff," are we talking 16:23:57
 24 about employees of AHERF that were involved? 16:23:59
 25 A. Yes; yes. I am talking about Mr. McConnell 16:24:01

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1 and his folks. 16:24:04
 2 Q. Are you aware of whether the management of the 16:24:15
 3 hospitals were instructed by anyone to cooperate 16:24:25
 4 fully with Coopers & Lybrand and AHERF in their due 16:24:29
 5 diligence review? 16:24:33
 6 A. I believe that Mr. Matthews, to whom the 16:24:34
 7 hospital executives reported, operating executives 16:24:39
 8 reported, passed that information on to them. 16:24:42
 9 Q. Did you receive any notification at any time 16:24:47
 10 that either AHERF or Coopers was dissatisfied with 16:24:50
 11 the access they were given to information that they 16:24:53
 12 needed to complete their due diligence review? 16:24:56
 13 A. No. 16:24:59
 14 Q. Are you aware of anyone within the GHS system 16:24:59
 15 or the hospital who had heard complaints from 16:25:02
 16 either AHERF or Coopers about the access they were 16:25:04
 17 given to information that they needed to complete 16:25:08
 18 their due diligence review? 16:25:11
 19 A. No. 16:25:14
 20 Q. Do you have any reason to believe that 16:26:07
 21 information was withheld from AHERF or Coopers & 16:26:07
 22 Lybrand by anyone from either the hospitals or GHS 16:26:07
 23 in connection with the due diligence review? 16:26:07
 24 A. No. 16:26:07
 25 MR. BROOKS: Objection. Lack of 16:26:07

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1 foundation. 16:26:07
 2 BY MS. MEADEN: 16:26:07
 3 Q. Do you have any reason to believe that any 16:26:07
 4 information was withheld from Coopers & Lybrand or 16:26:07
 5 AHERF in connection with closing out the '96 books 16:26:07
 6 of the hospitals? 16:26:07
 7 MR. BROOKS: Same objection. 16:26:07
 8 A. No. 16:26:07
 9 Q. I think you had testified earlier that there 16:26:38
 10 was a mechanism within the documentation for the 16:26:39
 11 SDN transaction that provided that if AHERF chose 16:26:43
 12 not to absorb the hospitals into its system, that 16:26:49
 13 the transaction would be unwound? 16:26:53
 14 A. I don't believe the documents reference AHERF 16:26:56
 15 choosing. If for any reason, by a certain date, I 16:27:00
 16 believe some time in '97, it did not occur, then 16:27:05
 17 the transaction was to be unwound. 16:27:08
 18 Q. Had there been discussion within DHS as to 16:27:10
 19 what it would do with the hospitals if, for 16:27:14
 20 whatever reason, the transaction with AHERF was not 16:27:18
 21 consummated? 16:27:23
 22 A. No. 16:27:24
 23 Q. Was there any thought on your part as to what 16:27:26
 24 GHS would do with those hospitals if AHERF did not 16:27:31
 25 ultimately absorb the hospitals? 16:27:36

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1 A. I had no reason to believe that the 16:27:38
 2 transaction would not occur. 16:27:42
 3 Q. I understand that. 16:27:46
 4 A. After October 31. 16:27:47
 5 Q. All right. Well, let's talk about, then, 16:27:48
 6 prior to October 31. 16:27:50
 7 If for some reason SDN, the first 16:27:54
 8 step of the process, was not completed, had there 16:27:56
 9 been discussions within the GHS system, either the 16:28:00
 10 Board or among others that you were involved in, as 16:28:04
 11 to what the next step would be from your 16:28:06
 12 perspective as to what you would do at the 16:28:10
 13 hospitals? 16:28:13
 14 A. No. We reached by, I guess, the middle of 16:28:13
 15 August, we had an understanding as to a 16:28:19
 16 transaction, and we closed by October 31. 16:28:21
 17 There was no reason to contemplate, 16:28:31
 18 or we had no cause for even considering that 16:28:31
 19 because everything was moving along as the parties 16:28:33
 20 seemed to intend it to happen. 16:28:34
 21 And there was nothing in the due 16:28:37
 22 diligence process which gave us any pause. 16:28:39
 23 Q. Those talks with AHERF commenced, I think you 16:28:43
 24 said, in June or July? 16:28:49
 25 A. June or July. 16:28:51

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1 Q. Of '96; correct? 16:28:52
 2 A. Yes; yes. 16:28:54
 3 Q. Again, let's step back prior to those 16:28:55
 4 discussions. 16:28:56
 5 Had you had any contemplation or 16:28:57
 6 discussion among the members of the Board or 16:28:59
 7 management of the hospitals, if AHERF weren't 16:29:04
 8 interested when you approached them about these 16:29:06
 9 hospitals, what you were going to do with them? 16:29:08
 10 A. No. That was not the sequence of events. 16:29:11
 11 Q. Why don't you explain to me, then, what the 16:29:13
 12 sequence of events was. 16:29:16
 13 A. The sequence of events was that we had had 16:29:23
 14 discussions, as I stated previously, with Blue 16:29:26
 15 Cross. 16:29:31
 16 Q. Uh-huh. 16:29:31
 17 A. And then when they fell through, and we 16:29:32
 18 entered into the transaction with HSI, we thought 16:29:34
 19 everything was moving along appropriately. 16:29:40
 20 When we determined that that was not 16:29:42
 21 working as we had thought it would work, we had 16:29:43
 22 discussions with other hospitals and hospital 16:29:48
 23 systems. And in my previous depositions I have 16:29:51
 24 outlined those discussions. There was reference to 16:29:55
 25 some of them today. 16:29:57

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1 And AHERF was at the end of the line 16:29:59
 2 in those discussions. So it really was a 16:30:02
 3 culmination of those discussions. AHERF was a 16:30:05
 4 culmination of those discussions. 16:30:08
 5 And, as I said, we had those 16:30:10
 6 discussions in June, July, we reached agreement in 16:30:11
 7 August, and we closed in October. 16:30:14
 8 So that time line really did not -- 16:30:18
 9 and there was nothing in that period of time which 16:30:20
 10 would indicate that we were not on a course to 16:30:23
 11 successfully conclude that which we had planned. 16:30:26
 12 Q. With AHERF being at the end of the line? 16:30:33
 13 A. AHERF -- 16:30:33
 14 Q. That was your phrase. 16:30:33
 15 A. AHERF was the successful acquirer. 16:30:34
 16 Q. And I guess my question really goes to whether 16:30:38
 17 or not you had thought beyond AHERF. 16:30:40
 18 Whether there were any other 16:30:42
 19 potential either merger partners or acquiring 16:30:43
 20 entities that you had considered or were thinking 16:30:46
 21 about if, for whatever reason, the AHERF deal 16:30:49
 22 didn't happen? 16:30:54
 23 A. We thought we found heaven with AHERF. 16:30:54
 24 Q. Was there ever any discussion or contemplation 16:31:04
 25 by the Board of closing any of the four hospitals 16:31:08

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1 that were ultimately transferred to AHERF, prior to 16:31:10
 2 that transaction? 16:31:13
 3 A. Four? 16:31:16
 4 Q. Four? How many were there at Graduate? 16:31:19
 5 A. There was Graduate, there was Mt. Sinai, 16:31:21
 6 Parkview -- 16:31:23
 7 Q. City Avenue? 16:31:25
 8 A. -- City Avenue, Rancocas, and Zurbrugg. 16:31:26
 9 Q. You're right. I'm sorry. Six. I always 16:31:30
 10 forget Rancocas. 16:31:33
 11 Is that five or six? 16:31:36
 12 A. Rancocas and Zurbrugg would be considered one, 16:31:37
 13 they were combined. 16:31:39
 14 The one that was left out was 16:31:41
 15 Reading, which was outside the AHERF transaction. 16:31:43
 16 Q. I'm sorry. Getting back to the correct 16:31:45
 17 number, let's say we had five, then. 16:31:49
 18 Was there ever any discussion or 16:31:50
 19 contemplation of closing any of those hospitals 16:31:52
 20 prior to the discussions with AHERF? 16:31:54
 21 A. No. 16:31:56
 22 Q. Was there ever any contemplation or discussion 16:31:57
 23 of filing for bankruptcy on behalf of any one of 16:31:59
 24 those hospitals? 16:32:02
 25 A. Pardon me? 16:32:03

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1 I have read the foregoing transcript
2 of my examination given on Wednesday, August 28,
3 2002, and it is true, correct and complete, to the
4 best of my knowledge, recollection, and belief,
5 except for the corrections noted hereon and/or list
6 of corrections, if any, attached on a separate
7 sheet herewith.
8
9
10

11 _____
12 BERNARD J. KORMAN, ESQ.
13
14
15

16 Subscribed and sworn to
17 before me this ____ day

18 of _____, ____
19
20

21 _____
22 Notary Public.
23
24
25

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1 I HEREBY CERTIFY that the
2 proceedings and evidence are contained fully and
3 accurately in the stenographic notes taken by me
4 upon the foregoing matter on Wednesday, August 28,
5 2002, and that this is a correct transcript of
6 same.
7
8
9

10 _____
11 Debra Ann Whitehead
12
13
14
15
16
17
18
19

20 (The foregoing certification of this
21 transcript does not apply to any reproduction of
22 the same by any means, unless under the direct
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24 reporter.)
25

Laing Dep.

In The Matter Of:

***AHERF v.
PRICEWATERHOUSECOOPERS, LLP***

RUSSELL LAING
April 22, 2003

MANHATTAN REPORTING CORP.
420 Lexington Avenue - Suite 2108
New York, NY 10170
PH: 212-557-7400 / FAX: 212-692-9171

LAING, RUSSELL

RUSSEL LAING

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1 take in order to receive your Bachelor of Science
 2 in accounting?
 3 A. I don't remember the exact number. I
 4 would say that-- I can say that I spent three
 5 semesters at Slippery Rock and took only
 6 accounting courses, as I had a prior baccalaureate
 7 degree and waived all general and other
 8 requirements. So three semesters of probably a
 9 slightly higher than average load. I think it was
 10 probably like about 16 or 17 credits. That would
 11 work out to roughly about 50 to 55, if I'm doing
 12 the math right, credit hours concentrating in
 13 accounting and tax and audit.
 14 Q. Did you take courses in financial
 15 accounting?
 16 A. Yes, I did.
 17 Q. And managerial accounting?
 18 A. Yes, I did.
 19 Q. Auditing?
 20 A. Yes, I did.
 21 Q. How many courses in auditing did you
 22 take?
 23 A. I took one course in auditing.
 24 Q. Okay.
 25 It also says here on your resume that

1 courses in investments, things of that nature.
 2 Q. Okay.
 3 Are you currently a CPA?
 4 A. No, I'm not.
 5 Q. Okay.
 6 But you were at one point, right?
 7 A. Yes, I was. I was a CPA during most
 8 of the time when I was at the accounting firm of
 9 Coopers & Lybrand. I was also recertified shortly
 10 after I got my MBA, because at that point,
 11 although I had been out of public accounting and I
 12 had developed enough educational credits through
 13 my MBA program that I was able to requalify to be
 14 certified by virtue of that. So for a period of a
 15 couple years after my MBA I was certified at that
 16 point, as well.
 17 Q. Now, the-- the reason you no longer
 18 have a CPA has nothing to do with the fact that
 19 you face any disciplinary action or anything?
 20 A. Absolutely not.
 21 Q. It's just because you haven't taken
 22 the continuing education courses?
 23 A. Right.
 24 Q. Because you don't have any--
 25 A. I don't have any need to practice as a

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1 you have an MBA?
 2 A. Yes.
 3 Q. First of all, can you tell me what an
 4 executive MBA is?
 5 A. The executive MBA is a program
 6 provided by the CAT School of Business at the
 7 University of Pittsburgh. And what it involves is
 8 essentially a group of people who typically have
 9 15 to 20 years of business experience who are then
 10 enrolled in this class and as a group graduate
 11 together over a two-year period.
 12 It involves alternatively going to
 13 class on Friday all day one day and then the
 14 following week going to class all day Saturday the
 15 following week. It's kind of an intensified
 16 concentrated program. And it's usually--
 17 typically the enrollment is-- is directed towards
 18 people that have a fair amount of business or
 19 similar-type experience.
 20 Q. Did you take any additional accounting
 21 courses during your MBA program?
 22 A. Several as part of that.
 23 Q. What types of courses?
 24 A. They were like basic accounting
 25 courses, financial management courses, a few

1 CPA in any of the positions that I've been at or
 2 the career path that I've desired to follow since
 3 the time I left public accounting.
 4 Q. It also appears that you had the third
 5 highest score on the CPA exam. Is that for the
 6 State of Pennsylvania?
 7 A. For the State of Pennsylvania, the
 8 November 1980 CPA exam.
 9 Q. Congratulations.
 10 A. Thank you.
 11 Q. What do you attribute that success on
 12 that?
 13 A. I attribute everything in my life to
 14 God. Anything that I have that's in my life I
 15 attribute to God.
 16 Q. Did you have any honors in college?
 17 A. I won an-- an award for being-- for
 18 outstanding academics when I was at Slippery Rock
 19 University when I graduated. I graduated with a
 20 4.0, and having taken only accounting courses,
 21 basically completed all of the requirements for a
 22 Bachelor of Science in accounting, which also
 23 qualified me to sit for the CPA exam in my final
 24 and third semester at Slippery Rock and by virtue
 25 of that was awarded an-- the PICPA academic award,

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1 which is a statewide award to people that have
 2 outstanding academic skill demonstrated in the
 3 course of their college career.
 4 Q. Subsequent to leaving Slippery Rock
 5 and other than your executive MBA program at the
 6 University of Pittsburgh, have you had occasion to
 7 take any other accounting-type continuing
 8 education courses?
 9 A. Since the time that I left Slippery
 10 Rock?
 11 Q. Yes. But excluding the MBA program in
 12 Pittsburgh.
 13 A. Yes, whenever I was in Coopers &
 14 Lybrand, throughout the time that I was there, I
 15 continuously took continuing education credits to
 16 maintain my CPA certification. And also as part
 17 of the programs, part of the firm's general
 18 education program and requirements.
 19 Q. It says here that you were at Coopers
 20 & Lybrand from 1981 to 1987?
 21 A. Correct.
 22 Q. Was Coopers & Lybrand your first job
 23 out of Slippery Rock?
 24 A. Yes, it was.
 25 Q. Okay.

1 the purposes of-- of promoting and developing more
 2 efficient healthcare audits. And also because
 3 of-- and I had developed a certain expertise in
 4 the industry at that point.
 5 And I produced that course, taught it
 6 and had produced, apparently, very good results.
 7 They expanded the course to our Philadelphia
 8 office and at the time that I left the firm, we
 9 were getting inquiries from out in the Midwest, I
 10 think it was our Kansas office that was looking to
 11 take that on, too, so...
 12 Q. Who were the three healthcare
 13 partners?
 14 A. Those partners were Howard
 15 VonShaven (phonetic), Greg Finnerty (phonetic) and
 16 Bill Buettner.
 17 Q. While you were at Coopers, did Coopers
 18 have a particular expertise in the healthcare
 19 field?
 20 A. At the time they had a pretty strong
 21 healthcare practice, I thought.
 22 Q. And why did you think that?
 23 A. They audited a number of hospitals,
 24 both larger facilities like in the academic
 25 community, like Children's Hospital, and at the

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1 And did you start as a Staff A?
 2 A. Staff B.
 3 Q. A Staff B. And then promoted to a
 4 Staff A?
 5 A. Right, correct.
 6 Q. And then?
 7 A. Then promoted to senior accountant and
 8 then to supervisor and then to manager. The
 9 path-- the career track or the time from initial
 10 entry to manager was, I believe, five years, which
 11 is the fastest track that they have at the firm.
 12 So it was an accelerated promotion and
 13 I believe I spent about a year and a half as an
 14 audit manager at Coopers & Lybrand.
 15 Q. Okay.
 16 You refer to some courses you took
 17 during your career at Coopers & Lybrand. Did any
 18 of them-- were any of those courses specific to
 19 the healthcare industry?
 20 A. Yes, they were. Some of them were
 21 courses that dealt with accounting and auditing
 22 within the healthcare industry. And while I was
 23 at Coopers & Lybrand, all three of the then
 24 healthcare partners of the firm commissioned me,
 25 basically, to develop a course for the firm for

1 same time had a pretty broad range of hospitals
 2 over the Western Pennsylvania area. They had a
 3 pretty-- fairly extensive practice and our office
 4 was typically pretty busy during the late spring
 5 and summertime with healthcare auditing.
 6 It was enough for me to make it
 7 essentially almost three quarters of my career
 8 time around the time that I-- I was a senior
 9 accountant and thereafter, at least half or three
 10 quarters of my-- my practice was organized around
 11 the healthcare industry.
 12 Q. Do you recall what sorts of healthcare
 13 clients you had while-- while you were an auditor
 14 at Coopers & Lybrand?
 15 A. I had a mix. The largest facility
 16 that I've audited then was Children's Hospital.
 17 The-- I had a number of intermediate or smaller
 18 facilities. The Braddock Medical Center. Oil
 19 City Hospital, United Community Hospital.
 20 That Shenango Valley Medical Center.
 21 Medical Center of Beaver County. Those are the
 22 ones that I remember.
 23 Q. Now, the-- the audit approach for
 24 healthcare entities that you assisted in
 25 developing for Coopers & Lybrand, was one of the

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| | |
|--|---|
| <p style="text-align: right;">Page 22</p> <p>1 areas that that study focused on the area of 2 patient revenue and accounts receivable? 3 A. It was-- 4 MR. LUFT: Objection. 5 A. It was specifically organized around 6 that, since that is the area that is unique to 7 healthcare separate and apart from private 8 industry. And part of what had made me be in the 9 position to be selected to develop this course was 10 that I had produced-- although the audit 11 engagements that I was managing generally and 12 almost consistently produced very favorable 13 results because they were efficient and they were 14 efficient because I understood the revenue and 15 reimbursements cycles in healthcare, having spent 16 a lot of time on my own studying them and being 17 able to develop an understanding of them and then 18 developed an ability to audit them in-- in an 19 efficient and, hopefully, intelligent manner. 20 BY MR. TORBORG: 21 Q. Now, you referred to the fact that 22 patient revenue accounts receivable was unique in 23 the healthcare industry? 24 A. Yes. 25 Q. Why is that?</p> | <p style="text-align: right;">Page 24</p> <p>1 individual payors is unique to themselves. There 2 is no common rules. A lot of times it's very 3 complex. 4 And in addition to that, over the 5 landscape of healthcare in the past 20 or 30 6 years, we've gone from basically a cost 7 reimbursing primary mechanism in the federal 8 payors, Medicare and Medicaid, and also Blue 9 Cross, which followed their example, excuse me, to 10 a prospective payment system by-- in varying 11 shapes and forms ranging from a fee for service to 12 fully capitated systems by some of those payors. 13 And those rules, of course, vary from 14 state to state, too, depending on what the-- for 15 example, the Medicaid or medical assistance payors 16 are and their rules are in any particular state. 17 So it's complex for that reason, that-- that there 18 is-- in the nature of healthcare as a business and 19 as an industry is that it's highly technical. 20 There is-- there is also a level of subjectivity 21 in terms of diagnosing patients, arriving at a 22 diagnosis, the course of treatment that's 23 recommended and those types of things. 24 So there is really a lot of 25 complexities that-- that attend to it that are</p> |
| <p style="text-align: right;">Page 23</p> <p>1 A. Because it's a mix of-- of payors. 2 The-- in private industry you have payors that 3 are, generally speaking, customers engaging at an 4 arm's length exchange. In healthcare, you have a 5 mix of payors who are funded by the federal 6 government, such as Medicare, or funded by the 7 federal government through a state agency such as 8 Medicaid or medical assistance. You also have 9 quasi-public entities, like Blue Cross, which is 10 really a nonprofit organization that's national in 11 scope, but it is a separate insurer. And then you 12 have a host of smaller insurance-- private 13 insurance companies of varying sizes. 14 And all of those arrangements are 15 specific each-- to each payor, the manner in which 16 the same services are paid by individual payors 17 can be different amongst-- amongst them. 18 So Blue Cross may pay and use a 19 certain mechanism and they may pay a certain rate 20 for a certain type of service. Medicare or 21 Medicaid may pay a different way. And a private 22 insurance carrier may pay, yet, a way that's 23 different from any of those other three. 24 So the manner in which services are 25 paid for and recognized by each of those</p> | <p style="text-align: right;">Page 25</p> <p>1 very unique to the healthcare industry. 2 Q. In relation to the audit as a whole, 3 how important is the audit of the patient revenue 4 accounts receivable area? 5 A. It's extremely important. It's the 6 most variable and the most susceptible to judgment 7 area of the entire audit. 8 Q. Now, you referred to judgments. What 9 kind of judgments are you talking about? 10 A. Excuse me, I'm losing my voice here. 11 Q. It happens to me all the time. 12 A. The-- the judgment can be involved in 13 some ways that are typical and similar to private 14 industry. For example, in the valuation of 15 accounts receivable, there are established 16 reserves that reduce those receivables down to 17 their net expected, estimated net realizable 18 value. That's-- that's an area that is similar to 19 private industry. It does the same thing, 20 although it's, I think, significant and more 21 complex. It involves significantly a more higher 22 level of technical complexity in-- in arriving at 23 that estimation in the healthcare setting. 24 In addition to that, healthcare also 25 involves other items, such as cost reporting,</p> |

7 (Pages 22 to 25)

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1 which is largely phased out as of now, but was
2 big, more prominent, 5, 10 and 15 years ago. And
3 that involves various complexities, including
4 financing mechanisms like periodic interim payment
5 and things like that, that are not easily
6 understood by someone that's used to the normal,
7 more straightforward accounting mechanics of
8 private industry.

9 Q. Okay.

10 During your career at Coopers &
11 Lybrand, did you have occasion ever to work with
12 Bill Buettner?

13 A. Yes, I did.

14 Q. Which audits did you work with
15 Mr. Buettner?

16 A. There was a medical center that has
17 now long since merged with another hospital and
18 probably actually even closed. It was in downtown
19 Pittsburgh. I can't remember the name of it.

20 Q. Is it Central Medical Center?

21 A. Central Medical, thank you, yes, that
22 was the name of it, and I worked for him in that
23 engagement. And I believe there might have been a
24 private company that I also did an audit for that
25 I worked with Bill on, too. But I remember the

1 into private industry.

2 Q. Your next job looks like it was as
3 vice president of finance at Greater Canonsburg
4 Health System?

5 A. Yes, correct.

6 Q. Can you explain to me what your job
7 was there, in a broad sense?

8 A. I was hired initially by the then CFO
9 Ron Park. Ron hired me as director of finance.
10 It would be unusual for a hospital of that size to
11 hire somebody-- which was basically a smaller
12 community hospital, to hire somebody with my
13 credentials and background.

14 And part of the reason in hiring me
15 was that they had an enormous number of problems
16 and issues of an unusual complexity owing to the
17 departure shortly before I got there of their then
18 chief executive officer, Sherif Abdelhak.

19 And I think as a consequence, part of
20 the reason I was brought in was that they just
21 simply needed more than a normal amount of fire
22 power that would be appropriate for a smaller
23 hospital of that size.

24 Q. What-- so Sherif Abdelhak was the CEO
25 of Greater Canonsburg?

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1 Central Medical audit, in particular, and there
2 may have been one other, I'm not sure.

3 Q. And how many years did you work with
4 Mr. Buettner?

5 A. I worked with Bill, not directly, but
6 I worked in the firm with him over the course of
7 the entire time that I was at Coopers & Lybrand.
8 Bill was there when I started and I believe he
9 made partner during the time that I was a-- an
10 audit manager and shortly before I left.

11 Q. Okay.

12 Did you ever work with an individual
13 by the name of Mark Christine while you were at
14 Coopers & Lybrand?

15 A. The name is very vaguely familiar, but
16 I don't believe I ever worked with him.

17 Q. How about Andy Frasier?

18 A. The same answer.

19 Q. Okay.

20 Now, I see here that you left Coopers
21 & Lybrand in 1987. Was there any particular
22 reason for leaving?

23 A. For career advancement. I wanted to--
24 I felt that I had exhausted the-- the interest
25 that I had in public accounting and wanted to get

1 A. Prior to--

2 Q. Prior to you being there.

3 A. Prior to the time that I came there.

4 Q. What types of problems-- I think you
5 said that they were owing to Mr. Abdelhak being
6 there?

7 A. Yes. The-- the hospital at that time,
8 and it was known as the Greater Canonsburg Health
9 System, had been a small community hospital, maybe
10 about 100, 110 beds.

11 My understanding and knowledge from
12 being there was that Sherif Abdelhak had come as
13 chief executive officer and had engaged them in a
14 number of ventures and things that eventually led
15 to their bankruptcy. Some of those-- or not-- not
16 their bankruptcy, but basically it financially
17 crippled them.

18 Those things were, for example, the
19 acquisition of a sister facility known as-- let's
20 see. It was a-- it was a hospital that was
21 located out in Oakland. I forget the exact name
22 of it now. But it was a hospital that they had
23 acquired, so they actually had two hospitals in
24 the system. I know I'd know the name of it if I
25 heard it.

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1 A. With the accounts?
 2 Q. Yeah.
 3 A. No, as-- as-- as far as the way that
 4 it worked was, you-- you-- at the time we were-- I
 5 mean, we were-- we had processed a huge number of
 6 transactions. Many of those were processed
 7 electronically. Some of them involved payments
 8 that were received in the forms of checks and had
 9 to be manually applied to individual patient
 10 accounts. It was, you know, extremely vast,
 11 complex data management task.

12 There was a cash application manager.
 13 I believe her name was Mary Brooke, if I remember
 14 correctly, that oversaw that function. And there
 15 was probably about 14 or 15 individual employees
 16 staff that-- that were involved in applying
 17 payments that were separately kind of an
 18 information services technical-type guy who was
 19 involved with the electronic cash application
 20 process and-- but it didn't involve me actually
 21 specifically looking up individual patient
 22 accounts.

23 However, in-- in the course of that
 24 and other duties that I had, I did bring in an
 25 individual who, with me, designed and developed

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1 a-- what we call a data warehouse, which was the
 2 ability to extract information from mainframe
 3 systems, put it in a central repository where we
 4 then had the ability to more quickly sort and go
 5 through that information. And we used a-- what's
 6 called-- a fifth generation software called Focus,
 7 I believe was the name of it, to be able to sort
 8 through that database and pull out information to
 9 develop profiles to look for certain conditions in
 10 the data and-- and so forth and so on.

11 So more through that process than
 12 through the cash application process that I-- I
 13 did get an exposure to the individual accounts and
 14 workings and things like that.

15 Q. And who was that assistant you just
 16 spoke of?

17 A. The assistant?

18 Q. I think you said you brought on
 19 somebody who helped develop the Focus system?

20 A. There was an individual that I had
 21 worked with at UPMC. And his name was Al Dodson,
 22 who I believe-- I'm trying to remember now, it's
 23 been a while-- but he had formed-- I think when I
 24 left and went to Allegheny, around that time he
 25 had left UPMC and began working for a software

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1 company. And Al was initially the individual I
 2 worked with in terms of establishing this data
 3 warehouse.

4 And then later there was a fellow that
 5 I hired as a consultant. I just remember his
 6 first name, I believe was Tom. But he was brought
 7 in and he kind of was somebody that would operate
 8 this system to produce reports and develop
 9 specific things that when I would ask him to do
 10 that would require someone with programming
 11 expertise.

12 Q. You spoke in the part of your-- you
 13 said part of your analysis, part of your job was
 14 financial analysis?

15 A. Yes.

16 Q. When you say "financial analysis,"
 17 what do you mean?

18 A. Well, it really takes in a lot of
 19 things, but it-- it could mean something that is
 20 reactive. For example, we would get an analysis--
 21 and this is very often how some of these types of
 22 things happen. An analysis would be generated by
 23 the general accounting department talking about
 24 a-- a fluctuation or a phenomenon in the current
 25 month financial statements that affected them that

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1 would be attributed to something that happened in
 2 the revenue division. And I would get that
 3 analysis and-- through my boss, Greg Snow or
 4 sometimes directly, but most often through Greg.
 5 And I would be asked to respond to it and, you
 6 know, develop an understanding of whether it was
 7 accurate or not.

8 And usually these analyses were like
 9 analogous to like taking a little sliver of the
 10 pie and putting it in front of me and saying based
 11 on the-- the, you know, facts and circumstances
 12 presented in this-- this limited contained
 13 analysis, do you agree with it? Is it correct?
 14 What's your-- what's your perception of it?

15 And I would have to write up or
 16 develop a response based on-- on my review of
 17 that.

18 Other forms of this analysis, though,
 19 in another venue would be, for instance, with this
 20 data warehouse, we would develop profiles that
 21 would look for certain conditions that would tell
 22 us that there might be, you know, an opportunity
 23 to collect something faster or that something
 24 wasn't being billed or contractualized correctly
 25 by the system in some cases. Things like that.

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1 So the system could actually be
2 designed to look for certain indications that
3 might indicate-- that weren't necessarily a
4 problem, but might indicate a presence of a
5 problem. And then that information would be taken
6 to one of those senior directors who was in charge
7 of that particular payor class to follow up on and
8 find out if they could find out what the-- if
9 there was an underlying problem or not. Things
10 like that.

11 Q. Was there anybody else at AHERF who
12 worked in PFSG that did the type of analysis that
13 you did? Was your position unique?

14 A. My position was unique. I had people
15 that assisted me. There was several people that
16 worked in the-- the department that assisted me.
17 But the assistance that they gave me was basically
18 responding to requests to get details or
19 information, for the most part, rather than to do
20 analysis.

21 There was nobody that I can remember
22 being there, other than maybe an individual that I
23 had hired and was developing into somebody that
24 could be capable of doing that. But for all
25 intents and purposes, I was basically the only one

1 application process. Bill assisted me in some of
2 the requests of-- in developing some of the
3 analyses. If I needed information or reports,
4 Bill was the kind of guy that I could go to.
5 Because you have to recall, at the time, that this
6 was a collection of a number of different
7 hospitals, each with their own reporting systems.
8 Bill would help gather the information to produce
9 the analyses.

10 Q. Now I want to go back to Exhibit 1247
11 real quick.

12 The subject line of this memo is
13 "Delaware Valley Charge Differential
14 Calculations."

15 A. Uh-huh.

16 Q. Can you give me an understanding of
17 what Mr. Cancelmi means in or around November
18 29th, '95, where the Delaware Valley is?

19 A. Yes. It was a reference to the
20 collection of hospitals and the academic medical
21 center, Hahnemann and Medical College of
22 Pennsylvania, that they comprised the eastern
23 operations of-- of AHERF.

24 Q. Were the other hospitals St.
25 Christopher's Hospital For Children?

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1 at PFSG that was doing that.

2 Q. Who was that person that you hired?

3 A. Dan Malloy. He was hired, I guess he
4 was with the Army before he came with us. In
5 fact, he was in their intelligence service, which
6 I thought made him a good candidate for working in
7 the role that I was doing at PFSG. But he was
8 somebody that had both the intelligence, the
9 initiative and the-- the drive to be able to-- to
10 understand and deal with a lot of these issues. So
11 he was developing that ability at the time that I
12 left. And he was very excellent employee.

13 Q. What did Bill Gedman do?

14 A. Bill Gedman at-- at various times did
15 things by way of producing routine ongoing
16 analyses and-- and parts of the reporting system.
17 For example, we developed a daily cash report that
18 showed how much cash was coming in. Greg Snow
19 kind of designed it, but I believe Bill might have
20 been involved in maintaining reports like that,
21 that were sort of our routine operational
22 day-to-day reporting.

23 Bill worked on some special projects.
24 I think for a time Bill might have even stepped in
25 and-- and done some things with the cash

1 A. Correct. There was two smaller
2 hospitals in that-- the rural Pennsylvania/Elkins,
3 I forget the names-- the name of the other one,
4 but there was probably about five or six hospitals
5 all together. Hahnemann Medical Center, Medical
6 College of Pennsylvania, MCP, Elkins, St.
7 Christopher. And there's one that I'm
8 forgetting--

9 Q. Bucks?

10 A. Bucks. Bucks, thank you.
11 -- that was part of that.

12 Q. Okay.

13 Did you have occasion to interact with
14 the general accounting office in your position?

15 A. Yes, I did.

16 Q. And when I say "general accounting
17 office," what did you-- do you take I mean by
18 that?

19 A. The individuals that were under the
20 direction of Al Adamczak on behalf of Allegheny
21 General Hospital and Dan Cancelmi on behalf of the
22 so-called Delaware Valley hospitals collectively
23 reporting to or through Steve Spargo at one point
24 while he was there. And in turn, reporting to
25 executive management, as far as the financial

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1 the-- getting information from Artrac seemed to be
2 like a very difficult process, and especially
3 getting it in a form that was susceptible to any
4 kind of reasonable analysis was very difficult.

5 I-- if-- I-- this is a long time ago,
6 so I'm trying to remember exactly. But it's the
7 best I can do to say that my remembrance with
8 Artrac was that there were a lot of information
9 access problems. And to the extent that we could
10 get information it was more often in the form of
11 like just a raw dump of information, rather than
12 anything that was in any usable form.

13 Q. Do you recall whether you were able to
14 get any information on these accounts?

15 A. I-- I'm not able to answer that
16 question. I just don't-- I can't give you
17 specifics on-- on what that was. If I saw
18 something that was from that time I could-- I
19 could answer that better. But sight unseen, I
20 can't.

21 Q. Okay.

22 Do you recall when-- when in time your
23 concerns about the collectibility of a Patcom
24 receivables arose?

25 A. Well, it was-- it was instant. It

1 Patcom receivables was shared with Coopers &
2 Lybrand?

3 A. By me?

4 Q. Yes.

5 A. Not by me. I don't recall that I
6 had-- I can't recall-- bring to mind any
7 conversation that I had, any meeting that I had
8 with Coopers & Lybrand that got into a substantive
9 discussion of the accounts receivable valuation
10 process.

11 I can recall maybe one or two meetings
12 with Coopers & Lybrand specifically that I
13 attended that were convened by my boss, Greg Snow.

14 But I do not recall any substantive
15 direct discussion with them about the valuation of
16 the accounts receivable for any issue relating to
17 the receivable valuation at any time.

18 Q. Did you find it odd that Coopers &
19 Lybrand never sought your-- your--

20 A. I find it extremely odd.

21 Q. Why is that?

22 A. Well, for several reasons. One is I
23 was a known entity to them in the first several
24 weeks, probably from the first four to five weeks
25 that I was employed at Allegheny, I had in the

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1 was-- there was always an issue throughout the
2 time that I was there about the collectibility of
3 the Patcom receivables. There was never a time
4 when it was not an issue, that I can recall.

5 I recall it being an issue from almost
6 the first week that I was there and it was never
7 not an issue thereafter.

8 Q. Do you recall any-- any discussions
9 with individuals in the general accounting office
10 about the collectibility of this subset of
11 receivables?

12 A. I think there may have been some
13 general expressions of concern back and forth
14 between myself and individuals in accounting. And
15 I'm thinking specifically of Robin Schaffer and
16 Dan Cancelmi. I don't recall that there was
17 extensive detailed discussions of those-- of that
18 issue between myself and any of those individuals,
19 but I do recall that there was at least some
20 dialogue going back and forth. And that was one
21 issue that was on the landscape of many issues
22 that were out there. That was definitely
23 something that was-- that was one of them.

24 Q. Do you recall whether any concerns
25 that you had regarding the collectibility of these

1 course of trying to develop a-- a information
2 accessing system which later became this Focus
3 data warehouse, had met with Bill Buettner and had
4 lunch with him and-- and one of his associates for
5 the purpose of specifically discussing the
6 possible opportunities to engage Coopers & Lybrand
7 for the purpose of developing such a database.

8 Those discussions were not fruitful
9 and I didn't pursue them. But I was known-- and
10 they knew that I was at Allegheny at-- at that
11 point in time. I was known because-- to Coopers &
12 Lybrand as a healthcare industry specialist. I
13 was known as sort of the go-to guy in terms of
14 healthcare issues. I had developed a uniform
15 audit approach which had been basically taken over
16 from me by our Philadelphia office and expanded to
17 a larger product and had received praise from our
18 regional managing partner.

19 As far as its results and impact, I
20 was frequently called in as a-- as a consultant or
21 a reference on other healthcare engagements by
22 Coopers & Lybrand to consult on complex
23 healthcare-related issues.

24 And for all those reasons, I was both
25 a known entity and also known as kind of an

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1 industry technical expert with-- with an extensive
2 background. It struck me as extremely odd that
3 they didn't want to sit down and engage in a
4 conversation or-- or review with me issues
5 relating to the valuation of accounts receivable
6 and net revenue. I was very surprised at that.

7 Q. Were they aware of the-- of what you
8 were doing at AHERF in your job?

9 A. Yes, they were.

10 MR. LUFT: Objection.

11 A. They were aware because I had-- in the
12 course of meeting with Bill Buettner for lunch, I
13 described my new position, what I was doing, that
14 type of thing in the course of conversation. And,
15 you know, I mean, they-- they were plainly aware.
16 And also from the fact that when we had meetings,
17 the-- the one or two occasion where I can remember
18 meeting physically with them in person, they were
19 introduced-- they were introduced to me not as if
20 they had to get a description of my title; they
21 seemed to already know that.

22 So they knew who I was and what I was
23 there-- what my role was. But-- so it wasn't like
24 they-- someone-- it wasn't when my boss convened
25 the meeting had to sit down and explain to them,

1 Actually going to mark as Exhibit 1249 and 1250.

2 Do you have a copy of Mr. Laing's
3 transcript? I'm going to mark Mr. Laing's copies
4 of both volumes of the SEC transcript, okay? This
5 will be the second one (indicating).

6 * * *

7 (Whereupon, Laing Deposition Exhibit
8 Nos. 1249 and 1250 marked for purposes of
9 identification.)

10 * * *

11 MR. TORBORG: For the record,
12 Exhibit 1249 is a copy of Mr. Laing's first
13 transcript from the SEC for his testimony dated
14 May 24th, 1999. And Exhibit 1250 would be the
15 second day of his testimony, which is dated next
16 day, May 25th, 1999.

17 BY MR. TORBORG:

18 Q. Let me ask you a couple questions
19 about this, first.

20 Do you believe that your memory of the
21 events at AHERF were better four years ago than
22 they are today?

23 A. Yes, I do.

24 Q. Okay.

25 I'd like to direct you to Page 111 of

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1 "This is Russ Laing. Here's what he does for the
2 revenue division." I mean, it was just-- there
3 was a presumed knowledge of that.

4 Q. If Coopers had come to you and asked
5 you questions and asked for your thoughts on the
6 valuation issues that you were working on, would
7 you have shared your thoughts with them?

8 MR. LUFT: Objection.

9 A. Yes, I would in every respect that was
10 material and important to the process of financial
11 reporting.

12 BY MR. TORBORG:

13 Q. Do you recall whether there was an
14 issue-- coming back to the Patcom accounts, if
15 there was an issue about whether those accounts
16 had been properly contractualized at the time that
17 they were billed?

18 A. I couldn't-- from memory I could not
19 tell you specifically that I knew or didn't know
20 that. I don't-- I couldn't do that from memory.
21 I'd have to see at least some documents to refresh
22 my memory, but not-- not sight unseen from eight
23 years ago. I wouldn't be able to do that.

24 MR. TORBORG: I'd like to
25 mark as our next exhibit 1249; is that right?

1 that first-- actually it will be the first one, I
2 think. Do you have the right one? Yeah, you got
3 it.

4 A. This one or this one (indicating)?

5 Q. 1249.

6 A. 1249?

7 Q. Yeah. I'm sorry, 111. I'm sorry.

8 Page 111. Starting with Line 23.

9 You were providing some testimony
10 about these Patcom receivables, responses to the
11 SEC's questioning. All right.

12 I'm going to go ahead and read into
13 the record and you can follow along. I'm going to
14 start at Line 23.

15 A. Okay.

16 Q. You were asked: "Now, with respect to
17 Patcom, was there a large amount of
18 collectibles"-- "collectibles, securities--"

19 "ANSWER: Oh, yeah, absolutely,
20 totally.

21 "QUESTION: -- and were they not
22 contractualized?"

23 Your answer: "No, they were not. I
24 mean, there was-- it was known that there was a
25 very big portion of receivables sitting out there

25 (Pages 94 to 97)

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1 say whether I knew or didn't know what they-- they
2 were aware of.

3 Q. Fair enough.

4 Do you recall any discussions about
5 concerns that these Patcom accounts were not
6 properly reserved?

7 A. Could you repeat that, please?

8 Q. Do you recall any discussions with
9 accounting, okay, regarding the fact that the
10 Patcom receivables may not be adequately reserved?

11 A. Yes.

12 MR. LUFT: Objection.

13 A. I-- I recall comments and some
14 dialogue to the effect that there was concern
15 about the-- the valuation of the Patcom
16 receivables with accounting. And specifically
17 probably more with Robin Schaffer, maybe with Dan
18 Cancelmi, as well.

19 BY MR. TORBORG:

20 Q. Now, how did you come to know that
21 there was this problem with-- the fact that these
22 accounts weren't properly contractualized?

23 A. Well, we knew, everyone-- everyone
24 knew what was contractualized and not
25 contractualized within the-- the Patcom billing

1 Q. How would they know?

2 A. Well, because they would know the--
3 the setup and capabilities of the Patcom system.
4 And if it's not contractualizing the accounts at
5 all, which is, I believe, what the comments were
6 in here, that they're being carried at gross,
7 which means that they were being carried without
8 any contractualization being applied to them at
9 all at the time of billing, they're being carried
10 at the-- at the initial price that they were
11 billed at, regardless of what the expected net
12 reimbursement was from a particular payor. They're
13 being carried at gross.

14 That's a system capability or system
15 attribute that would be commonly known by anybody
16 that's dealing with the Patcom issue from the--
17 the revenue division standpoint and it would
18 certainly be known by anybody on the accounting
19 department with respect to their understa-- their
20 ability to weigh the, you know, net realizable
21 value issues relating to establishing reserves, as
22 they did, for instance, with all the other items
23 described in the first memo that you gave to me.

24 The-- also, there is a-- a-- an
25 illusion to a directive not to write off these

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1 system, the fact that it was not contractualizing
2 accounts and that they were being carried at
3 gross, that was a matter of fact. That was
4 something that could be known by anybody.

5 Q. How did you know that?

6 A. Probably somebody on the-- in the PSFG
7 division related that to me. It might have been
8 Mary Brooke, in the course of talking about, you
9 know, cash receipts; it could have been any number
10 of individuals. But I can't tell you specifically
11 who told me that. But my guess is that it would
12 probably have come via Greg Snow, in the course of
13 his describing the issues and problems surrounding
14 those Patcom receivables.

15 But there was probably-- in-- in
16 truth, there was probably a number of people
17 that-- that had related to me or mentioned or
18 brought up coincidentally the fact that there
19 were, you know, issues about how those were being
20 contractualized or that they were not being
21 contractualized within the Patcom system.

22 Q. Now, I think you also just said at the
23 beginning of your answer, this is something that
24 was just a matter of fact, that anyone could know?

25 A. Correct.

1 balances. The last-- it's Line No. 14.

2 Q. Uh-huh.

3 A. And to me, I-- I recall, whether it
4 was this specific time and this issue or whether
5 it was a separate one, I-- I'm not sure. I know
6 at one point there was such a level of concern
7 about the collection efforts by the revenue
8 division that a directive came down. And I
9 believe it was from Sherif Abdelhak, although I
10 don't have firsthand knowledge of that, but I was
11 told that it was, that-- that virtually all
12 account write-offs or accounts receivable had to
13 be approved by a senior executive, which I think
14 at that time represented people at the executive
15 management level meeting, not Greg Snow even, but
16 rather his boss, Joe Dionisio and up, by way of
17 trying to enforce a discipline that-- that caused,
18 you know, an intense scrutiny of accounts. And I
19 think, I can't be certain, but I think this-- this
20 directive came down around the same time that this
21 Patcom issue was very active. And I think that
22 that was in force for probably about three or four
23 months. Maybe-- maybe a maximum of three months
24 before it was found to be completely disruptive
25 and counterproductive and-- and unmanageable and

27 (Pages 102 to 105)

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1 was abandoned.
 2 Q. Now, you said that the-- I want to go
 3 back to the Patcom-- the fact that these accounts
 4 weren't contractualized properly.
 5 Is this something that Coopers &
 6 Lybrand could have figured out in the audit, if
 7 they had access to the materials?
 8 MR. LUFT: Objection.
 9 A. They either-- either-- they could not
 10 have not known that there was a large body of
 11 receivables called Patcom out there. Knowing that
 12 information, speaking from my experience as a
 13 former audit manager specializing in the
 14 healthcare industry, it would have been reckless
 15 for them not to have asked and gotten sufficient
 16 information to understand specifically how those
 17 accounts were being contractualized and what
 18 reserves were being provided to them and what
 19 other exigent circumstances might surround those
 20 receivables that-- that would give rise to other
 21 valuation allowances, like a bad debt reserve
 22 because of the passage of time.
 23 Q. I want to show you what we've marked
 24 previously as Exhibit 14. And you're free to take
 25 a glance through the-- this entire document,

1 it.
 2 Q. Okay.
 3 A. So no, I don't have a good memory of
 4 it.
 5 Q. You referred to a study. Was that a
 6 study by Coopers & Lybrand or by AHERF?
 7 A. It was a study by Coopers & Lybrand,
 8 is my recollection.
 9 Q. Do you recall any of the circumstances
 10 surrounding this study?
 11 A. No, I don't.
 12 MR. LUFT: Objection.
 13 A. Not off the top of my head, no.
 14 BY MR. TORBORG:
 15 Q. Do you recall whether it was a part of
 16 the Coopers 1996 audit?
 17 A. I couldn't say that with certainty
 18 right now, no.
 19 Q. Could you say without certainty?
 20 MR. LUFT: Objection.
 21 A. No, I could not.
 22 BY MR. TORBORG:
 23 Q. Okay.
 24 Were you involved at all in this study
 25 that Coopers & Lybrand was doing that you just

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1 Mr. Laing, but I'm going to be asking you
 2 specifically about the page ending with Bates 428,
 3 the bottom right-hand corner.
 4 Excuse me. I'm losing my voice, too.
 5 * * *
 6 (Short pause)
 7 * * *
 8 A. I'm going to need a minute to read
 9 the preceding page for context.
 10 BY MR. TORBORG:
 11 Q. Yeah, sure.
 12 * * *
 13 (Short pause)
 14 * * *
 15 A. Okay.
 16 BY MR. TORBORG:
 17 Q. Okay.
 18 Let me ask you, first, whether or not
 19 you recall this document at all?
 20 A. I recall that there was some kind of
 21 a-- a study that was done. I don't remember a lot
 22 of specifics about it, but it's not totally
 23 unfamiliar with me. I seem to recall something
 24 about trying to get a-- a large selection of
 25 documents, but I don't remember very much about

1 vaguely remember?
 2 A. If I was, I don't have much of a
 3 memory of it. I don't-- if I was, it was probably
 4 just in the nature of reviewing findings or
 5 looking at that type of thing. I know I was not
 6 specifically, to the best of my memory, involved
 7 in any kind of trying to locate or pull documents.
 8 And particularly I know that would have probably
 9 been outside of the scope of what Greg Snow would
 10 have wanted me to be working on.
 11 So I don't remember being involved in
 12 actually pulling documents. I may have been
 13 involved in looking at the outcome or I may have
 14 been hearing periodic updates from other people
 15 about the progress of it, but that's about the
 16 best I can do with that one.
 17 Q. Do-- do you recall who at AHERF would
 18 have assisted in pulling documentation for the
 19 study?
 20 A. My guess is that some of the people in
 21 some of the different actual billing areas, some
 22 of those senior managers that reported to Greg
 23 might have been involved in it. It's possible
 24 that-- because they describe some of the documents
 25 being held by ancillary departments, they may have

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1 Reserves, about a third of the way down through
 2 the document--
 3 A. Uh-huh.
 4 Q. -- do you see you have a past statute
 5 exposure row?
 6 A. Uh-huh.
 7 Q. And then you have columns for March
 8 '96, June of '96 and June of '97.
 9 As of June of '96 you've identified a
 10 number of \$44 million?
 11 A. Uh-huh.
 12 Q. Do you have an understanding of where
 13 you got that figure?
 14 A. It was probably summarized from the
 15 data that had been collected previously, probably
 16 by Bill Gedman. We had probably had, like, a
 17 working body of information that was used that I
 18 think Bill kind of primarily gathered the
 19 information. And I may have drawn on that, but it
 20 was probably from some such source that I got
 21 that-- that figure.
 22 Q. If you can go back to Exhibit 9-- I'm
 23 sorry, it's marked as 1251, I believe. It's the
 24 Gedman June 7, '96--
 25 A. Uh-huh.

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1 Q. -- document.
 2 If you go to the Bates ending 83,
 3 PR-Laing 83.
 4 Does this appear to be a schedule that
 5 Mr. Gedman or someone has prepared dated February
 6 29th, '96, that's attempting to identify the
 7 amount of past statute accounts as of that date?
 8 A. Yes, it is.
 9 Q. And you see the total amount he has is
 10 23.7?
 11 A. Uh-huh.
 12 Q. Which is roughly approximate to what
 13 you have in your Exhibit 904, right?
 14 A. Uh-huh. Yeah.
 15 Q. 24 million?
 16 A. Correct.
 17 Q. Would it be fair to infer that you--
 18 that the June 1996 data, 44 million, was taken
 19 from a schedule, albeit of a different date, but
 20 similar to what we've marked here as Exhibit 1251?
 21 MR. LUFT: Objection.
 22 A. It's overwhelmingly likely.
 23 BY MR. TORBORG:
 24 Q. And would you have any other source to
 25 get this number?

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1 A. No, I wouldn't.
 2 And it is my recollection, too, that
 3 as the past statute issue evolved, that we had--
 4 there was a process of continuously updating. And
 5 I remember that we-- I believe Bill was primarily
 6 the architect of updating those schedules, but I
 7 do recall that there was a process of keeping Greg
 8 Snow apprised of the status of this past statute
 9 issue, along with others, but that these schedules
 10 were-- were updated for a period of time that I
 11 think lasted approximately five or six months,
 12 maybe a little bit longer.
 13 Q. Was there any consideration given to
 14 sharing these analyses with Coopers & Lybrand for
 15 purposes of their 1996 audit?
 16 MR. LUFT: Objection.
 17 A. To the extent that any such
 18 consideration happened, it happened outside of
 19 my-- my corner. I was not involved in discussions
 20 about what would or would not be shared with
 21 Coopers & Lybrand by way of these past statute
 22 schedules.
 23 To my knowledge, they were available
 24 to both revenue division and accounting internal
 25 management. Where they went from there, I don't

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1 know.
 2 BY MR. TORBORG:
 3 Q. If Coopers & Lybrand had asked you for
 4 information that had-- that attempted to quantify
 5 the amount of past statute accounts such as this
 6 document that we've marked as Exhibit 1251, would
 7 you have given it to them?
 8 MR. LUFT: Objection.
 9 A. Yes, I would.
 10 BY MR. TORBORG:
 11 Q. You said earlier that you thought it
 12 was surprising that Coopers & Lybrand never met
 13 with you to discuss issues regarding accounts
 14 receivable and valuation?
 15 A. There were, at times, indications, and
 16 this is in the form of just very small
 17 coincidental anecdotal comments, but I just
 18 understood the general rules of dealing with the
 19 auditors were that the accounting department
 20 controlled the audit process, and to the extent
 21 that they needed any interaction with us that, you
 22 know, we would be so directed by them. But that
 23 otherwise they pretty much kept the accounting and
 24 auditing process under their jurisdiction.
 25 So it was my feeling that-- that they

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1 felt that the information that I had provided, put
2 into the-- to the overall equation was available
3 to them and they used it however they felt
4 appropriate.

5 They certainly understood the
6 information that I provided to them; that is, to
7 the accounting department. How it was used and in
8 what context with Coopers & Lybrand, I can't speak
9 to.

10 But yes, I was surprised that-- that
11 they didn't use that, but I was not-- it was kind
12 of consistent with the knowledge that there was
13 sort of an adversarial feeling between the
14 accounting department and the revenue division,
15 and particularly my role in the revenue division
16 as it related to the accounting department. And
17 it was in my mind probably-- the way I diced it up
18 was I felt that the accounting department simply
19 wanted to control that process. And they did.

20 Q. Were there any other reasons why you
21 thought there was an adversarial relationship with
22 accounting and PSFG?

23 A. A lot of our interactions were less
24 than-- than friendly between myself and some of
25 the people in the accounting side.

1 allowances were derived in total for all
2 receivables. The basic valuation, mechanics and
3 analyses that were used by the accounting
4 department to develop their reserves. And that
5 was the information that Jack had refused to
6 provide to me.

7 Getting that information on the
8 Delaware Valley side, I think generally happened,
9 but there were times when it was very slow and
10 forthcoming, and sometimes when it was just simply
11 withheld for a period of time and not available.

12 But I-- my remembrance with the
13 Delaware Valley is, generally speaking, that
14 information was ultimately provided to the extent
15 that I asked for it. But a lot of times it was
16 very slow and forthcoming. And sometimes it took
17 higher echelons to get it for me.

18 Q. Do you recall whether there was a
19 policy that-- at AHERF that limited the amount of
20 bad debt write-offs to the amount of bad debt
21 expense that was budgeted for the month?

22 MR. LUFT: Objection.

23 A. Yes, actually I do remember that.
24 That there was-- I-- there was probably things
25 that were written about it, but I remember

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1 In one instance, I-- I know that
2 somebody in the accounting side specifically and
3 actually repeatedly resisted even giving me basic
4 accounting information that they had available to
5 them.

6 This would-- would have been Jack
7 Nelson. And I finally had to appeal to his boss,
8 Al Adamczak, to get the information that I needed.
9 And it was then provided, reluctantly.

10 Robin Schaffer was generally
11 cooperative in providing information on a limited
12 basis about schedules and specific things that--
13 that I needed to-- to do my job. But there were
14 times when getting that information was difficult
15 and reluctant. And I can't say that in every case
16 that I got everything that I wanted or that I
17 asked from them.

18 Q. Do you recall what the information was
19 from-- that you asked Mr. Nelson for that he was
20 reluctant to give?

21 A. Yes. There was a-- a schedule that
22 was used both for the Delaware Valley and there
23 was its equivalent that was used on the Allegheny
24 side. And that was a schedule that-- that
25 basically showed or indicated how the contractual

1 specifically discussions with accounting that said
2 that this was what was provided in the budget. And
3 I do remember some such policy and I believe that
4 it came down from the CFO on the Delaware Valley
5 side, whose name escapes me just at the moment.

6 He was the--

7 BY MR. TORBORG:

8 Q. Chuck Morrison?

9 A. Chuck Morrison. Thank you.

10 And I remember a specific policy. In
11 fact, I remember later, after that policy, around
12 the time or after it, there was a-- they
13 developed-- actually had developed a revenue
14 budget that was put in front of me for saying that
15 this is the revenue budget for the forthcoming
16 year, projection of revenue for the next year
17 ahead. And what they-- and it was presented to me
18 through my boss, Greg Snow, as being this is what
19 we think is-- is reasonable for the Delaware
20 Valley division to obtain, as far as net revenue
21 goes.

22 And I did an analysis of that revenue
23 and it was absurd. It was at least 15 percent
24 overstated by any reasonable reckoning. And I met
25 with-- specifically in a meeting with Chuck

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* * *

A. Okay.

BY MR. TORBORG:

Q. Do you recall this document?

A. I vaguely do.

Q. Does this appear to be either an earlier or a later version of the previous document?

A. It strikes me as being a later version of the document that was in draft form at this point, the first document you showed me.

Q. Why does it appear to be later?

A. Because it seems like it's a little bit more refined in terms of the writing. It's condensed. And it-- the syntax and flow of the document is much better, whereas the first one looks like it's kind of like a quick, more emotion-laden presentation of the same information. So it evidences, basically, the refinement that would come from editing it carefully and also looking at things a little bit less emotionally and objectively after the fact.

Q. Do you believe that you drafted this document?

A. I believe that I did, yes.

1 THE STATE OF :
 2 WEST VIRGINIA :
 3 : SS: CERTIFICATE
 4 COUNTY OF OHIO :

I, TAMMIE PULS, Registered

4 Professional Reporter and Notary Public
 5 within and for the State of West Virginia duly
 6 commissioned and qualified, do hereby certify that
 7 the within-named witness, RUSSELL LAING, was by me
 8 first duly sworn to testify to the truth, the
 9 whole truth and nothing but the truth in the cause
 10 aforesaid; and the testimony then given by the
 11 witness was by me reduced to stenotype in the
 12 presence of the witness; afterwards reduced to
 13 Computer Aided Transcription under my direction
 14 and control; that the foregoing is a true and
 15 correct transcription of the testimony given by
 16 said witness.

11 I do further certify that this
 12 testimony was taken at the time and place in the
 13 foregoing caption specified, and was adjourned, to
 14 be completed at a later time.

14 I do further certify that I am not a
 15 relative, counsel or attorney of either party, or
 16 otherwise interested in the event of this action.

17 IN WITNESS THEREOF, I have
 18 hereunto set my hand and affixed my seal of
 19 office at Wheeling, West Virginia, on the day
 20 of 2003.

20 TAMMIE PULS, Registered
 21 Professional Reporter and
 22 Notary Public within and for
 23 the State of West Virginia

My commission expires September 22, 2003

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1 MR. TORBORG: Mr. Laing,
 2 that's all the questions I have for you. It
 3 happens to be 5:00, anyway. So I thank you very
 4 much for your time.

THE WITNESS: You're welcome.

MR. TORBORG: And he may have some questions after my questions, but thanks.

MR. LUFT: And we'll reconvene tomorrow at 5:00.

THE WITNESS: We'll reconvene at 5:00.

MR. LUFT: Or at 9:00.

THE VIDEOGRAPHER: The time is 4:54. We're now going off the record.

* * *

16 (Whereupon, this deposition
 17 was adjourned at 4:54 p.m.)

* * *

In The Matter Of:

***AHERF v.
PRICEWATERHOUSECOOPERS, LLP***

RUSSELL LAING
April 23, 2003

MANHATTAN REPORTING CORP.
420 Lexington Avenue - Suite 2108
New York, NY 10170
PH: 212-557-7400 / FAX: 212-692-9171

LAING, RUSSELL

RUSSELL LAING

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1 very demanding, driving style. And he would set
2 goals and he would vigorously enforce everyone's
3 work efforts to achieve those goals.

4 I think-- you know, my perception of
5 the cash collection process that-- that was
6 effectuated as a result of Greg's very intense
7 driving style was that a lot of the good results
8 that were produced were-- were directly
9 attributable to that driving, intense style of
10 his, but it was very demanding. It was daily. It
11 was constant.

12 In my area, for example, in the cash
13 application area, we would apply probably
14 literally a million individual payments to patient
15 accounts on a daily basis of varying sizes and
16 even one of those payments being misapplied or
17 applied incorrectly would result-- could result,
18 potentially, in a very severe sounding out by
19 Greg, you know, profanity ladened, you know,
20 session, and you know, with strong remonstrances
21 to do better and to prevent it from happening
22 again, that type of thing.

23 Q. When you were in these group meetings
24 you mentioned, did he react the same way to other
25 people at those meetings, or was this particular

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1 to you?

2 A. No, I think he reacted that way to
3 pretty much everybody. Particularly-- but with
4 the caveat that-- that to the extent that those
5 people performed positive affirmative
6 accomplishments that-- that they could demonstrate
7 in the meeting or that Greg was aware of, anyway,
8 he would tend to lighten up on those people.

9 And with respect to myself, I think
10 that over a period of time, that actually turned
11 into a very positive thing in my relationship with
12 him. In the sense that although in the first
13 maybe six months I took my share of tongue
14 lashings, I think I built up a level of trust
15 and-- and accomplishment with him and-- to the
16 extent over a period of time, I was almost sort of
17 like in a protected class, because there came a
18 time when-- when it would be unheard of for him to
19 yell at me or to go off on me in a meeting.

20 Q. Did you feel-- when you first started
21 during the six months he was yelling at you, did
22 you feel free to raise concerns and questions with
23 Greg at these group meetings in a public setting
24 that you-- about your work?

25 A. Yes, I-- I pretty much did.

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1 Q. To the extent you know, did anyone
2 ever tell you that they felt-- that they felt
3 comfortable in the group setting airing concerns
4 they had about the Patient Financial Service
5 Group?

6 A. I didn't hear the first part of your
7 question, I'm sorry.

8 Q. Okay.

9 Did anyone ever tell you that they
10 ever did not feel comfortable about airing
11 concerns they had about how their work was going
12 in the Patient Financial Service Group in these
13 public meetings with Greg?

14 A. I never heard anybody say that they
15 were uncomfortable saying those kinds of things.
16 I think people were, as a matter of fact,
17 intimidated in those meetings and typically people
18 who are intimidated or cajoled, it's been my
19 experience, are reluctant to bring up problem
20 areas because it invites more investigation and so
21 forth.

22 But no one ever expressed to me, that
23 I recall, any kind of explicit statements that I
24 couldn't bring up a problem because I was afraid
25 Greg would yell at me.

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1 I did-- I do recall that in those
2 group meetings problems were brought up and
3 sometimes they were brought up, you know,
4 painfully, but they were-- I do recall problems
5 being brought up in those meetings.

6 Q. Do you recall if anyone ever left the
7 Patient Financial Services Group because of poor
8 interactions with Greg?

9 A. I can't say that-- that I-- I remember
10 any specific individual doing that. I do recall
11 individuals leaving and it-- it would be my own
12 opinion that, at least in some cases, part of that
13 reason might be because of Greg's style. But I
14 can't say that somebody came to me and said, I'm
15 leaving because I can't take it anymore with Greg,
16 nothing like that.

17 Q. Okay.

18 Would you describe Mr. Snow as being a
19 trustworthy individual?

20 A. No.

21 Q. Why not?

22 A. Greg seemed to be the kind of
23 individual that had a-- an agenda and he also
24 seemed a-- a very highly strung, emotional
25 individual. So that it's been my experience that

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1 people that are like that are-- oftentimes have
2 multiple agendas and when they are very emotional
3 sometimes can run to one direction or another as
4 opposed to having like sort of a stable set of
5 values that they operate around.

6 And my impression of Greg was more
7 that he was kind of more in the category of
8 somebody that-- that was very emotionally driven
9 and that he frequently had some sort of
10 close-to-his-vest-type agendas that-- that I
11 didn't know about and didn't necessarily know
12 everything that was on his plate.

13 So in that sense, no, I didn't feel
14 like I had a total lock on-- on understanding him
15 and being able to relate to him in a very
16 straightforward way all the time.

17 At the same time, though, I would also
18 say that in my working relationship with Greg I
19 felt that I had a very strong sense of trust. And
20 I'm sorry to sound like contradictory, but I had a
21 strong sense of trust that I knew what he expected
22 of me and what he wanted me to do and the level of
23 excellence that he wanted me to achieve and that
24 if I did those things I could depend on the-- the
25 working relationship that I had with him being a

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1 A. It was the impression of the type of
2 person that he seemed to be. He did not-- most
3 people have some strong measure of self-motivation
4 and, you know, self-interest, but they also have
5 sort of a balancing, organizationwide interest.
6 I-- I-- just as a personal impression, and only as
7 a personal impression, I think that-- that the
8 achievements that Greg accomplished and the things
9 that he did were very self-directed, very-- to an
10 extent greater than I've seen in other people,
11 but-- but not unusual for people at that level in
12 that type of a situation.

13 Q. If I could just turn your attention
14 for a second to Exhibit 1196.

15 A. Would you be so kind as to describe
16 that?

17 Q. Sure. It's a March 25th, 1996, memo
18 from Greg Snow to Joe Dionisio. The subject is
19 the DRO. And I'll wait until you find it.

20 This is what it looks like, Mr. Laing
21 (indicating).

22 A. Okay.

23 Q. I believe yesterday when you looked
24 at this document, Mr. Torborg was asking you about
25 it, you described it as a typical Greg Snow

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1 congenial, even supportive relationship, which, at
2 times, it was.

3 Q. Do you know if Mr. Snow, from your own
4 knowledge of him, tended to be forthright in his
5 dealings with individuals?

6 A. He would run to some extremes with
7 that. Sometimes he would be extremely direct and
8 uncomfortably direct, painfully direct with
9 individuals. And at other times I think that he
10 would-- he would be the type of person that would
11 not necessarily openly bring out something, but
12 rather hold it inside or to deal with it in a
13 different manner indirectly, which was, I think,
14 part of the trust issue.

15 Q. Would you describe Mr. Snow as someone
16 who would base his actions based on his own
17 personal interest above the group?

18 MR. TORBORG: Objection.

19 BY MR. LUFT:

20 Q. From your experience working with
21 him.

22 MR. TORBORG: Same objection.

23 A. Yes, I would.

24 BY MR. LUFT:

25 Q. Why would you say that?

1 emotional response where the facts might not
2 exactly be right, but he was very interested in
3 getting something out quick.

4 A. And conveying an impression.

5 Q. Now when you say a typical-- I believe
6 you described it as a typical Greg Snow emotional
7 response, what exactly do you mean by "typical"?

8 A. I think Greg was a very highly
9 intelligent individual, but he also was an
10 extremely emotional individual and-- and when he
11 felt embattled, and somebody that was in his
12 position would probably, in any event, feel
13 embattled almost all the time, he had a tendency
14 to sort of lash out. And in lashing out, he would
15 take any information that would-- that would help
16 make the point that he wanted to make and-- and
17 just throw it out there. Sometimes without--
18 without sitting back and counting to 10 about the
19 delivery or the content.

20 Q. And by the content, in some cases,
21 such as in Exhibit 1196, even if it wasn't
22 factually accurate, he'd still toss it in there.

23 MR. TORBORG: Objection.

24 A. I think that when Greg put this memo
25 together, having worked with him, I believe he

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1 that were used at UPMC that came from the revenue
2 department, they were finally approved by you, but
3 the numbers and the data were coming from the
4 revenue department?

5 A. Yes, that's correct.

6 Q. And at AHERF the data that Dan
7 Cancelmi was using was housed in the general
8 accounting department?

9 A. And originated there, that's correct,
10 too.

11 MR. LUFT: Thank you very
12 much.

13 MR. TORBORG: I'll let you
14 have the last word.

15 THE VIDEOGRAPHER: The time is
16 1:32. We are now going off the record.

17 THE REPORTER: Does someone
18 want to explain signature?

19 MR. LUFT: Mr. Laing, you have
20 the right, and I encourage you to take it, to read
21 your transcript within, I believe, 30 days of
22 receiving it and make any corrections. There are
23 typographical-- there are sometimes things that
24 just don't come out that, you know, is not clear
25 on the record. And our interest is having the

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1 THE STATE OF :
2 WEST VIRGINIA :
3 : SS: CERTIFICATE
4 COUNTY OF OHIO :

5 I, TAMMIE PULS, Registered
6 Professional Reporter and Notary Public
7 within and for the State of West Virginia duly
8 commissioned and qualified, do hereby certify that
9 the within-named witness, RUSSELL LAING, was by me
10 first duly sworn to testify to the truth, the
11 whole truth and nothing but the truth in the cause
12 aforesaid; and the testimony then given by the
13 witness was by me reduced to stenotype in the
14 presence of the witness; afterwards reduced to
15 Computer Aided Transcription under my direction
16 and control; that the foregoing is a true and
17 correct transcription of the testimony given by
18 said witness.

19 I do further certify that this
20 testimony was taken at the time and place in the
21 foregoing caption specified, and was completed
22 without adjournment.

23 I do further certify that I am not a
24 relative, counsel or attorney of either party, or
25 otherwise interested in the event of this action.

IN WITNESS THEREOF, I have
hereunto set my hand and affixed my seal of
office at Wheeling, West Virginia, on the day
of 2003.

TAMMIE PULS,
Registered Professional
Reporter and Notary Public
within and for the
State of West Virginia
My commission expires September 22, 2003

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1 most correct record possible. So you have this
2 opportunity to have the transcript sent to you to
3 read it over and make any corrections that you
4 feel that are either clearer for the record or
5 typographical in nature.

6 THE WITNESS: Who would I
7 communicate this to if I found such?

8 MR. TORBORG: Why don't you do
9 it to me? I'll give you my business card.

10 MR. LUFT: Usually the form it
11 takes is simply a sheet that says whatever the
12 line number is and the page and the word change
13 that you think should have taken place and then
14 just some signature-- you know, some type of
15 statement that this is your corrections to your
16 testimony and you now believe this to be accurate
17 and correct.

18 THE WITNESS: Okay.

19 * * *

20 (Whereupon, this deposition
21 was concluded at 1:32 p.m.)

22 * * *

23 (Whereupon, signature was not waived
24 by the witness.)

25 * * *

Levy Dep.

In The Matter Of:

***AHERF v.
PRICEWATERHOUSECOOPERS, LLP***

***HARVEY LEVY
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